

**STATE OF MINNESOTA
IN COURT OF APPEALS
A20-0884**

In re the Marriage of: Martin Sean Schmidt, petitioner,
Respondent,

vs.

Julie Ann Schmidt,
Appellant.

**Filed June 21, 2021
Affirmed in part, reversed in part, and remanded
Johnson, Judge**

Hennepin County District Court
File No. 27-FA-18-3253

Ben M. Henschel, Susan A. Daudelin, Henschel Moberg, P.A., Minneapolis, Minnesota
(for respondent)

Linda K. Wray, Twin Cities Legal Service, P.L.L.C., Edina, Minnesota (for appellant)

Considered and decided by Slieter, Presiding Judge; Johnson, Judge; and Hooten,
Judge.

SYLLABUS

1. In determining whether a spouse seeking spousal maintenance is unable to provide adequate self-support through appropriate employment pursuant to Minnesota Statutes section 518.552, subdivision 1(b), a district court must consider the spouse's net or after-tax income (rather than gross or pre-tax income) if there is evidence in the record of the spouse's anticipated income-tax obligations and if the difference between the spouse's gross income and net income may be determinative of the spouse's need for spousal maintenance.

2. In determining the reasonable monthly expenses of a spouse seeking spousal maintenance, a district court must account for regular contributions to a retirement-savings account if making regular contributions to retirement-savings accounts was part of the standard of living established during the marriage.

OPINION

JOHNSON, Judge

The primary issue in this appeal from the dissolution of a marriage is whether the district court erred by denying the wife's request for spousal maintenance. She argues that the district court's decision is based on erroneous findings concerning her income and expenses. Specifically, she contends the district court erred by making findings of fact and conclusions of law that do not account for her obligation to pay income taxes, her need to pay health-insurance premiums, and the marital practice of making regular contributions to a retirement-savings account. We agree that the district court erred and, thus, reverse and remand for new findings and for reconsideration of her request for spousal maintenance. But we conclude that the district court did not err in its valuation of two financial accounts. Therefore, we affirm in part, reverse in part, and remand for further proceedings.

FACTS

Martin Sean Schmidt and Julie Ann Schmidt were married in September 1996. They have two teenage children. The parties separated in May 2017, and Martin petitioned for dissolution of the marriage in May 2018. At the time of trial, Martin was an executive at a large corporation, a position he had held since 2011. Julie Ann was employed as the

principal of an event-planning business, which she founded in 2008 after working as a civil engineer.

The case was tried before a referee on two days in July 2019 and one day in September 2019. The parties had agreed on custody and parenting time, and their agreement was approved by the district court. The disputed issues at trial were spousal maintenance, division of property, and child support. Martin, Julie Ann, and four other witnesses testified. A total of 188 exhibits were received into evidence.

In December 2019, the referee filed a 64-page recommended dissolution decree, which was approved by a district court judge. The district court denied Julie Ann's request for spousal maintenance, equally divided the parties' marital property, and ordered Martin to pay Julie Ann basic child support of \$1,667 per month.

In January 2020, Julie Ann moved to amend numerous findings of fact and conclusions of law or, in the alternative, for a new trial. In May 2020, the district court denied the motion in substantial part, with the exception of a few minor amendments to findings of fact.

In the decree, as amended, the district court made numerous findings of fact concerning the parties' respective incomes and expenses. With respect to Martin, the district court considered his base salary, incentive-based compensation, and investment income and found that his gross annual income is \$249,071, which equates to a gross monthly income of \$20,756. That finding is not in dispute on appeal. The district court found that Martin's reasonable monthly living expenses are \$6,994. That finding also is

not in dispute on appeal. Martin's gross monthly income exceeds his reasonable monthly living expenses by \$13,762.

With respect to Julie Ann, the district court considered the income she derived from her business over a six-year period as well as expert testimony about the salary she could earn in the marketplace and found that her gross annual income is \$95,000, which equates to a gross monthly income of \$7,917. The district court found that Julie Ann's reasonable monthly living expenses are \$7,624. Julie Ann's gross monthly income exceeds her reasonable monthly living expenses by \$293.

Based on these findings, the district court resolved Julie Ann's request for spousal maintenance as follows:

Wife's average monthly income exceeds her reasonable monthly budget. And, to the extent that wife's self-employment can result in "feast or famine" income streams, the Court finds that Wife has an adequate property reserve to absorb any fluctuations in her revenue stream. Accordingly, Wife's request for spousal maintenance will be denied.

Julie Ann appeals.

ISSUES

I. Did the district court err by denying Julie Ann's request for spousal maintenance based on findings of income and expenses that do not account for income taxes, health insurance, and retirement savings?

II. Did the district court err in its valuation of two of the parties' financial accounts?

ANALYSIS

I. Spousal Maintenance

Julie Ann argues that, for three reasons, the district court erred by denying her request for spousal maintenance. Specifically, she argues that the district court erred by making findings of fact and conclusions of law that do not account for her obligation to pay income taxes, her need to pay health-insurance premiums, and the parties' practice during the marriage of making regular contributions to a retirement-savings account.

Spousal maintenance is defined by statute to mean “an award . . . of payments from the future income or earnings of one spouse for the support and maintenance of the other.” Minn. Stat. § 518.003, subd. 3a (2020). “The purpose of a maintenance award is to allow the recipient and the obligor to have a standard of living that approximates the marital standard of living, as closely as is equitable under the circumstances.” *Melius v. Melius*, 765 N.W.2d 411, 416 (Minn. App. 2009) (quotation omitted).

If a party requests spousal maintenance, a district court engages in a two-step analysis. First, the district court must consider whether the spouse seeking spousal maintenance either:

(a) lacks sufficient property, including marital property apportioned to the spouse, to provide for reasonable needs of the spouse considering the standard of living established during the marriage, especially, but not limited to, a period of training or education, or

(b) is unable to provide adequate self-support, after considering the standard of living established during the marriage and all relevant circumstances, through appropriate employment, or is the custodian of a child whose condition or

circumstances make it appropriate that the custodian not be required to seek employment outside the home.

Minn. Stat. § 518.552, subd. 1 (2020). The threshold inquiry asks, in essence, whether the party seeking spousal maintenance has demonstrated a “showing of need.” *Curtis v. Curtis*, 887 N.W.2d 249, 252 (Minn. 2016). A party demonstrates a need for spousal maintenance if, considering the standard of living during the marriage, the party is unable to provide for the payment of his or her reasonable expenses. *See Doherty v. Doherty*, 388 N.W.2d 1, 2-3 (Minn. App. 1986).

Second, if the party seeking spousal maintenance has “made a sufficient showing of need,” a district court will consider “the amount and duration of a maintenance award.” *Curtis*, 887 N.W.2d at 252. The award “shall be in amounts and for periods of time, either temporary or permanent, as the court deems just, . . . after considering all relevant factors.” Minn. Stat. § 518.552, subd. 2. The legislature has identified eight nonexclusive factors for a district court to consider when setting the amount and duration of spousal maintenance. *See id.* But no single factor is dispositive. *Erlandson v. Erlandson*, 318 N.W.2d 36, 39 (Minn. 1982). In general, this court applies an abuse-of-discretion standard of review to a district court’s decisions concerning the amount and duration of an award of spousal maintenance. *Id.* at 41.

A. Income Taxes

Julie Ann first argues that the district court erred by making findings of her *gross* income but not her *net* income. She contends that the district court effectively ignored her

obligations to pay federal and state income taxes and that, if her income tax obligations are taken into account, she will not have enough money to pay her reasonable living expenses.¹

The statute governing spousal maintenance does not specify whether a district court should focus on gross income (*i.e.*, pre-tax income) or net income (*i.e.*, after-tax income) when determining whether there is a need for maintenance and, if so, its amount and duration. The relevant part of the statute asks whether the spouse seeking maintenance “is unable to provide adequate self-support . . . through appropriate employment.” Minn. Stat. § 518.552, subd. 1(b). In general, an employed person is required by law to file an income-tax return and to pay income taxes, unless the employee’s income is below the applicable income thresholds. *See* 26 U.S.C. §§ 1(a)-(d), 6011(a), 6012(a) (2018); Minn. Stat. § 289A.08, subd. 1(a) (2020). An employed person’s obligation to pay income taxes may affect his or her ability to provide adequate self-support. Because an employee usually has no choice but to pay income taxes, it usually is necessary for the district court to consider a spouse’s obligation to pay income taxes when determining his or her ability to provide adequate self-support through employment.

Three supreme court opinions support this principle. In *Erlandson*, the supreme court noted that the former wife’s “monthly expenses exceeded her *net take-home salary*,

¹Julie Ann has included in her principal brief a statement as to whether this court’s opinion should be designated precedential or non-precedential. *See* Minn. R. Civ. App. P. 128.02, subd. 1(f). She states that it “is not a settled matter” as to “whether a district court has discretion to ignore income taxes an obligee must pay on her income when assessing her need for spousal maintenance.” Consequently, she suggests that the court issue a precedential opinion. We appreciate the suggestion and take this opportunity to clarify the law on the issue.

thereby establishing that she is unable to support herself through appropriate employment.” 318 N.W.2d at 39 (emphasis added). In *Sefkow v. Sefkow*, 427 N.W.2d 203 (Minn. 1988), the district court determined the former wife’s gross income and then “applied the Wisconsin and federal tax tables and calculated her *annual net income*.” *Id.* at 216 (emphasis added). The supreme court considered those findings in light of her reasonable expenses and concluded that she “did not show that her living expenses exceeded her *spendable income*.” *Id.* (emphasis added). The supreme court also has considered the effect of taxes on investment income for purposes of determining, pursuant to subdivision 1(a) of section 518.552, whether a spouse seeking maintenance has sufficient property to provide for her reasonable needs. *See Lyon v. Lyon*, 439 N.W.2d 18, 22 (Minn. 1989) (“Even allowing for income taxes, the wife’s net income will comfortably exceed her living expenses”). In addition, this court has held that, when determining a spouse’s ability to pay spousal maintenance, a district court “must make a determination of the payor spouse’s *net or take-home pay*.” *Kostelnik v. Kostelnik*, 367 N.W.2d 665, 670 (Minn. App. 1985) (emphasis added), *review denied* (Minn. 1985).

In this case, there is evidence in the record concerning the amount of income taxes that Julie Ann likely will be required to pay after the dissolution. Martin introduced an exhibit indicating that, with a gross annual income of \$95,000, Julie Ann would be required to pay \$16,634 per year (or \$1,386 per month) in federal and state income taxes.² That

²Julie Ann contends that a more accurate number is \$17,401. She relies on a document, labeled exhibit A, which she asserts was requested by the district court and prepared by the parties’ neutral financial expert but apparently not actually introduced into evidence. The parties dispute whether the document is or should be part of the record on

income-tax obligation obviously is consequential because the difference between Julie Ann's gross monthly income of \$7,917 and her reasonable monthly expenses of \$7,624 is only \$293. Subtracting income taxes from her gross income would, by itself, make the difference between a slight monthly surplus and a significant monthly deficit. We are mindful that a district court has "broad discretion in deciding whether to award maintenance," but a district court abuses its discretion if its decision "is against logic and the facts on record." *Curtis*, 887 N.W.2d at 252; *see also Madden v. Madden*, 923 N.W.2d 688, 696 (Minn. App. 2019). In the circumstances of this case, the district court's failure to consider Julie Ann's income-tax obligations when denying her request for spousal maintenance is against logic and the facts in the evidentiary record.

Martin's counter-arguments are unpersuasive. He first contends that the district court was not required to make a "precise" finding concerning Julie Ann's income. But the estimated amount of Julie Ann's income taxes is not *de minimis*. *See, e.g., Hesse v. Hesse*, 778 N.W.2d 98, 105 (Minn. App. 2009); *Duffney v. Duffney*, 625 N.W.2d 839, 843 (Minn. App. 2001). Julie Ann's income-tax obligation is estimated to be approximately one-sixth of her gross income and nearly five times the difference between her gross income and her reasonable monthly expenses. As already noted, accounting for her

appeal. Exhibit A is not dispositive of this court's resolution of Julie Ann's appeal. But it may be material on remand to the district court's determination of Julie Ann's request for spousal maintenance. Thus, on remand, the district court shall allow the parties to offer exhibit A or an equivalent exhibit, and the district court shall consider the admissibility of any such exhibit that is offered.

income-tax obligations would, by itself, make the difference between a slight monthly surplus and a monthly deficit of more than \$1,000.

Martin also contends that Julie Ann's income taxes did not play an important part in the district court's decision-making because the district court also considered her ability to meet her reasonable needs through a combination of employment income and her property award. *See* Minn. Stat. § 518.552, subd. 1(a), (b). Martin presumably refers to the district court's statement that, "to the extent that wife's self-employment can result in 'feast or famine' income streams, the Court finds that Wife has an adequate property reserve to absorb any fluctuations in her revenue stream." The district court's findings do not support the conclusion that Julie Ann could pay her reasonable monthly expenses and her income taxes with a combination of employment income and investment income. Most of the marital property awarded to Julie Ann does not appear to be income-producing or capable of being converted to income-producing property. *See Curtis*, 887 N.W.2d at 253-57. The most valuable assets in Julie Ann's marital-property award are the parties' marital home, IRA and Roth IRA retirement accounts, and the assets of her business, which are necessary for her to generate income through employment. Julie Ann was awarded one marital investment account with a value of only \$4,372. She retained her non-marital interest in an investment account valued at approximately \$46,000, but that account generated investment income of only \$550 (or \$46 per month) in the one-year period before the valuation date. Julie Ann also was awarded the parties' investment property, which the district court found had a positive cash flow of \$4,263 per year (or \$355 per month). The total amount of investment income from these assets falls far short of the amount of Julie

Ann's income-tax obligations. And Julie Ann cannot be expected to invade the principal of her marital-property award to pay her reasonable monthly expenses. See *Curtis*, 887 N.W.2d at 254; see also *Honke v. Honke*, ___ N.W.2d ___, ____, 2021 WL 2125821, at *4 (Minn. May 26, 2021). In light of the evidentiary record, the district court's determination that Julie Ann does not have a need for spousal maintenance cannot be justified by her marital and non-marital property.

Martin contends further that the supreme court held in *Maurer v. Maurer*, 623 N.W.2d 604 (Minn. 2001), that a district court is not required to consider income taxes when ruling on a request for spousal maintenance. The *Maurer* opinion is not concerned with spousal maintenance and, thus, does not apply here; rather, it is concerned with valuing assets when dividing marital property. See *id.* at 606-07. Even so, the *Maurer* opinion does not give district courts unlimited discretion with respect to taxes. Rather, the supreme court stated that consideration of tax consequences depends significantly on "the evidentiary record," *id.* at 607, including evidence as to whether a taxable event is sufficiently likely to occur, *id.* at 606. In the present case, it is highly likely that Julie Ann will be required to pay income taxes on a gross income of \$95,000. See 26 U.S.C. §§ 1(a)-(d), 6011(a), 6012(a); Minn. Stat. § 289A.08, subd. 1(a).

Thus, the district court erred by making a finding of Julie Ann's gross or pre-tax income but not making a finding of her net or after-tax income and, consequently, determining her need for spousal maintenance without considering the effect of her income-tax obligations.

B. Health Insurance

Julie Ann next argues that the district court erred by making findings of her income and her expenses without making any provision for her payment of health-insurance premiums.

During the parties' marriage, Julie Ann was covered by a group health-insurance policy that was provided by Martin's employer. Both parties submitted exhibits estimating that Julie Ann would pay \$500 per month for her health-insurance premiums. Julie Ann testified that she intended to maintain health-insurance coverage through Martin's employer by relying on COBRA and that the monthly premium would be \$574. The referee commented during trial that he wanted to be fully informed about Julie Ann's COBRA coverage so that her health-insurance expenses would not be overlooked. But in the decree, the district court did not account for health-insurance premiums for Julie Ann, either as a reduction of her gross income or as part of her reasonable monthly expenses. The decree states that each party "shall be responsible for his or her own medical and dental insurance coverage, and neither party shall have henceforth any obligation relating to the coverage of the other party." Julie Ann brought the issue to the district court's attention in her motion to amend and requested an amended finding that her reasonable monthly expenses should include health-insurance premiums in the amount of \$550. But the district court ruled on her motion without specifically addressing the issue.

There can be no dispute that health insurance is a reasonable expense given the parties' marital standard of living. Martin does not argue otherwise. Instead, he argues that Julie Ann did not introduce sufficient evidence of the amount of the expense. That

contention is without merit in light of Julie Ann's testimony that she had learned from Martin's employer that she would need to pay \$574 per month for COBRA coverage. Martin also contends that the district court actually considered the issue and determined that Julie Ann could pay the expense with other resources. But, as discussed above, Julie Ann has limited income-producing assets. The estimates of Julie Ann's health-insurance expenses are greater than the difference between her gross income and her reasonable monthly expenses.

Thus, the district court erred by making findings of Julie Ann's income and expenses without making any provision for the expenses of her health insurance.

C. Retirement Savings

Julie Ann also argues that the district court erred by making a finding of her reasonable monthly expenses without including regular contributions to a retirement-savings account.

During the parties' marriage, they regularly saved for retirement. Specifically, Martin elected to have the maximum amount allowed by law (\$18,500 in 2018) deducted from his paychecks and deposited into a 401(k) account. *See* 26 U.S.C. §§ 402(g), 414(v) (2018). That 401(k) account was deemed a marital asset, and it was worth approximately \$360,000 on the valuation date.

Martin submitted an exhibit estimating that, in the future, he would contribute \$19,000 per year to a 401(k) account, and Julie Ann would contribute \$6,500 per year to a retirement-savings account. Julie Ann submitted an exhibit proposing that her budget allow for contributions of \$14,250 per year to a retirement-savings account. In the decree,

the district court did not make any provision for Julie Ann to make contributions to a retirement-savings account.

In determining whether a spouse seeking spousal maintenance is capable of self-support, a district court must consider “the standard of living established during the marriage.” Minn. Stat. § 518.552, subd. 1(a)-(b). If the party seeking maintenance establishes a need for maintenance, a district court must consider, among other factors, the “retirement benefits . . . forgone by the spouse seeking spousal maintenance,” if any. *Id.*, subd. 2(e). In *Kampf v. Kampf*, 732 N.W.2d 630 (Minn. App. 2007), *review denied* (Minn. Aug. 21, 2007), the district court found that the spouse seeking spousal maintenance had reasonable monthly expenses of approximately \$9,000, of which approximately \$700 was allocated to savings, including retirement savings. *Id.* at 632. On appeal, the maintenance obligor argued that the district court erred by including savings in the obligee’s reasonable monthly expenses. *Id.* at 634. This court affirmed with respect to that issue, reasoning as follows:

[T]he record shows that the parties accumulated substantial savings, investment, and retirement accounts in excess of \$340,000 throughout their 28-year marriage. On this record, we hold that the parties’ savings and retirement planning were an integral part of their standard of living during the marriage. Accordingly, the district court did not abuse its discretion by including savings expenses in [the obligee’s] reasonable monthly expenses. Further, because the record supports the amount of the savings expenses allowed by the district court, the figure of \$693 per month is not clearly erroneous.

Id.

The facts of this case are similar to those of *Kampf*. The parties prudently made regular contributions to a tax-favored retirement-savings account. It was well within their means to do so given the significant surplus in their household budget. We are mindful that a district court has discretion to determine the marital standard of living and to determine reasonable post-dissolution expenses according to that standard of living. *See id.*; *Curtis*, 887 N.W.2d at 252. But in this case, the evidentiary record is unequivocal with respect to retirement savings. The parties consistently set aside significant amounts in a tax-deferred retirement-savings account. Accordingly, saving for retirement was “an integral part of their standard of living during the marriage.” *See Kampf*, 732 N.W.2d at 634. In such a situation, there is no logical reason to not include retirement savings in the parties’ respective monthly budgets.

Martin contends that the district court treated the parties alike in that it did not provide for retirement savings for either party. This contention is inconsistent with the dissolution decree. The district court made an express finding that it would not reduce Martin’s gross income to account for his contributions to his 401(k) account. That finding was required by a statute providing that contributions to a 401(k) account must be excluded from the calculation of gross income. *See* Minn. Stat. § 518A.29(a) (2020); *see also Sinda v. Sinda*, 949 N.W.2d 170, 175 (Minn. App. 2020). But that finding does not preclude a finding that contributions to a retirement-savings account are included in a party’s reasonable expenses. The district court noted that regular contributions to a retirement-savings account is one of the “things Husband may elect to do with his income after he has earned it.” In essence, the district court found that Martin could and likely would make

regular contributions to a retirement-savings account. Martin can afford to do so given the relatively large difference between his income and his reasonable monthly expenses. But the absence of any finding with respect to Julie Ann means that she is unable to make regular contributions to a retirement-savings account, even though making such contributions was a regular practice during the marriage.

Given the evidence in the record, the district court erred by not including regular contributions to a retirement-savings account in Julie Ann's reasonable monthly expenses.

D. Summary

In sum, we reverse the district court's denial of Julie Ann's request for spousal maintenance, and we remand for reconsideration. On remand, the district court shall account for Julie Ann's income-tax obligations by making a finding of her net, after-tax income in addition to the finding of her gross, pre-tax income. The district court also shall amend its finding of Julie Ann's reasonable monthly expenses by accounting for the expenses of her health insurance and regular contributions to a retirement-savings account. After making new findings concerning Julie Ann's net income and reasonable monthly expenses, the district court shall reconsider Julie Ann's request for spousal maintenance pursuant to subdivision 1 of section 518.552 and, if appropriate, shall proceed to the analysis required by subdivision 2. *See Curtis*, 887 N.W.2d at 257; *Passolt v. Passolt*, 804 N.W.2d 18, 25 (Minn. App. 2011), *review denied* (Minn. Nov. 15, 2011).

We note that Julie Ann also requests that this court instruct the district court to require Martin to obtain life insurance to secure the spousal-maintenance obligation that she seeks. *See* Minn. Stat. § 518A.71 (2020). We need not address that argument because

we are not awarding spousal maintenance. Rather, we are remanding to the district court for reconsideration of Julie Ann’s request for spousal maintenance in light of amended findings of fact. On remand, Julie Ann may renew her argument for life insurance as security for any award of spousal maintenance.

II. Valuation of Property

Julie Ann also argues that the district court erred in two ways in its valuation of marital property. A district court has broad discretion in dividing marital property. *Grigsby v. Grigsby*, 648 N.W.2d 716, 719 (Minn. App. 2002), *review denied* (Minn. Oct. 15, 2002). “Determining the specific value of an asset is a finding of fact,” and such findings “shall not be set aside unless clearly erroneous on the record as a whole.” *Maurer*, 623 N.W.2d at 606 (quotations omitted).

A. Martin’s Investment Account

First, Julie Ann argues that the district court erred by reducing the value of Martin’s Fidelity investment account by the amount of the capital-gains taxes that he will owe after selling appreciated shares of stock.

In general, a district court has discretion to consider future tax consequences when valuing and dividing marital assets. *Maurer*, 623 N.W.2d at 606-07. A district court generally should account for taxes if a taxable sale of an asset “is required or is likely to occur within a short time after the dissolution.” *Aaron v. Aaron*, 281 N.W.2d 150, 153 (Minn. 1979). A district court does not abuse its discretion by considering future tax consequences if there is “a reasonable and supportable basis for making an informed judgment as to the [account owner’s] probable liability.” *Maurer*, 623 N.W.2d at 608 n.3

(quotation and alteration omitted). The scope of a district court's discretion necessarily depends on the evidentiary record. *See id.* at 607.

In this case, the Fidelity investment account was worth \$500,064 on the valuation date. The parties' neutral financial expert calculated that Martin would incur capital-gains taxes of \$70,219 if he sold the shares soon after the dissolution. The district court valued the account at \$429,845, which fully accounts for the capital-gains taxes identified by the neutral financial expert.

Julie Ann contends that the evidence does not support the premise that Martin must sell the stock after the dissolution. She contends that it is uncertain whether Martin will make a down payment to purchase a home. She acknowledges the evidence that Martin intends to pay down debt but notes that the amount of the debt is only \$65,000. She asserts that the evidence is speculative as to whether Martin will liquidate some of the stock and insufficient to prove that he will need to liquidate all of the stock. In response, Martin refers to his testimony that he was planning to buy a home and that he estimated the down payment to be at least \$275,000 and preferably more. He also asserts that he will need to use the account to pay the capital-gains tax itself. He notes that the district court considered future tax consequences when valuing other marital assets.

In light of the evidentiary record, the district court did not abuse its discretion when it considered the future tax consequences of Martin's anticipated sale of stock in the Fidelity investment account. The evidence supports an implied finding that Martin will liquidate at least \$340,000 of stock. Included in that amount is Martin's estimate that he will make a down payment of \$275,000 on a new home. Because Julie Ann was awarded

both the marital home and the parties' rental property, Martin was required to find another home. His purchase of a home would be consistent with the marital standard of living, and he testified that he would like to use as much of the funds in the account as possible when making a down payment. In addition, he likely will use the proceeds of selling stock to pay the capital gains tax. Furthermore, Martin was required to make an equalizer payment to Julie Ann in the amount of approximately \$66,000, which reduced his liquidity. All of this evidence indicates that Martin is likely to sell all or nearly all of the stock in the account. The district court's treatment of the account is consistent with the principle that "property valuation is necessarily an approximation in many cases, and it is only necessary that the value arrived at lies within a reasonable range of figures." *See Maurer*, 623 N.W.2d at 608 (quotation omitted).

Thus, the district court did not abuse its discretion by accounting for capital-gains taxes when valuing the Fidelity investment account that was awarded to Martin.

B. Julie Ann's Business Checking Account

Julie Ann argues that the district court erred in its valuation of a business checking account that was awarded to her. Specifically, she argues that the district court erred by not adjusting the value of that account based on the fact that, shortly before the valuation date, she paid a marital debt by writing an \$8,000 check, which cleared the account shortly after the valuation date, thereby benefitting Martin by \$4,000.

In response, Martin notes that the parties had more than a dozen bank accounts and that funds flowed in and out of the business checking account both before and after the valuation period. He also asserts that he is not responsible for any disadvantage Julie Ann

experienced because she decided when to write the check. He notes further that Julie Ann did not introduce any evidence at trial about this particular check and did not raise the issue until her post-trial motion to amend, at which time the evidentiary record was closed. *See Grigsby*, 648 N.W.2d at 726.

A district court “shall value marital assets” as of the date of the prehearing settlement conference, a different date agreed upon by the parties, or a valuation date specified by the district court. Minn. Stat. § 518.58, subd. 1 (2020). A district court may adjust the value of a marital asset only in limited circumstances: “If there is a substantial change in value of an asset between the date of valuation and the final distribution, the court may adjust the valuation of that asset as necessary to effect an equitable distribution.” *Id.*

In this case, the parties agreed to a valuation date of June 30, 2018. To establish that the district court erred, Julie Ann must, at a minimum, show that there was “a substantial change in value of” the checking account. *See id.* Martin points to evidence that the balance of the account fluctuated substantially. He states that the balance was approximately \$88,000 one month before the valuation date, was approximately \$71,000 on the valuation date, and was approximately \$80,000 one month after the valuation date. He also states that, in the one-month period before the valuation date, there were withdrawals of approximately \$29,000 and deposits of approximately \$12,000. In context, the \$8,000 debit to the account shortly after the valuation date was not a substantial change in the value of the account. *See id.* Furthermore, there is no evidence in the record

concerning the change in value “between the date of valuation and the final distribution.”

Id.

Thus, the district court did not err by denying Julie Ann’s request to adjust the value of her business checking account.

DECISION

The district court erred by denying Julie Ann’s request for spousal maintenance based on findings of her income and expenses that do not account for her income-tax obligations, her health-insurance expenses, and her regular contributions to a retirement-savings account. Accordingly, we reverse and remand for new findings and for reconsideration of Julie Ann’s request for spousal maintenance. The district court did not err in its valuation of Martin’s Fidelity investment account or Julie Ann’s business checking account.

Affirmed in part, reversed in part, and remanded.

A handwritten signature in cursive script that reads "Matthew Johnson". The signature is written in dark ink and is centered on the page.